Supreme Court, U.S.
FILED

(2) 941116 DEC 12 1994

OFFICE OF THE CLERK

No. _____

THE SUPREME COURT OF THE UNITED STATES

OCTOBER TERM 1994

U.S.A. DIRECT, INC., RICHARD OSBORNE,

WILLIAM P. BRADLEY and DENNIS ZIEGLER,

Petitioners

v.

NORTH AMERICAN COMMUNICATIONS, INC.,

Respondent

APPENDIX TO PETITION FOR A WRIT OF CERTIORARI

William H. Neff Jr., Esq.
STOCK AND LEADER
35 South Duke Street
Post Office Box 5167
York, PA 17405-5167
(717) 846-9800

Counsel for Petitioners

35 pp

TABLE OF CONTENTS

ORDER OF THE SUPREME COURT
OF PENNSYLVANIA DATED
OCTOBER 21, 1994 . . . . . APPENDIX - 1

ORDER OF THE SUPERIOR COURT
OF PENNSYLVANIA DATED
MARCH 14, 1994 . . . . . APPENDIX - 3

ORDER OF THE COURT OF COMMON
PLEAS OF YORK COUNTY,
PENNSYLVANIA, DATED
SEPTEMBER 3, 1993 . . . . . APPENDIX - 4

OPINION OF THE COURT OF
COMMON PLEAS OF YORK
COUNTY, PENNSYLVANIA
DATED SEPTEMBER 3, 1993 . . . APPENDIX - 6

ORDER OF THE COURT OF COMMON PLEAS OF YORK COUNTY, PENNSYLVANIA DATED DECEMBER 9, 1993 . . . . . APPENDIX - 16

STIPULATION AND ORDER OF CONFIDENTIALITY OF THE COURT OF COMMON PLEAS OF YORK COUNTY, PENNSYLVANIA DATED JUNE 10, 1993 . . . . . APPENDIX - 19

IN THE SUPREME COURT OF PENNSYLVANIA

MIDDLE DISTRICT

NORTH AMERICAN	:	No. 172 Middle
COMMUNICATIONS, INC.:		District Allocatur
Respondent	:	Docket 1994
v.	:	Petition for
U.S.A. DIRECT,	:	Allowance of
INC., et al.	:	of Appeal from the
Petitioners	:	Superior Court

ORDER

PER CURIAM

AND NOW, this 21st say of October, 1994, the Petition for Allowance of Appeal is hereby denied.

Mr. Justice Montemuro is sitting by designation.

A TRUE AND CORRECT COPY

ATTEST: 10/25/94

_____

JOAN L. STEHULAK, ESQUIRE

DEPUTY PROTHONOTARY

NORTH AMERICAN	:	IN THE SUPERIOR
COMMUNICATIONS, INC.	:	COURT OF
	:	PENNSYLVANIA
v.	:	
	:	
USA DIRECT, INC. AND	:	
RICHARD OSBORNE,	:	
WILLIAM P. BRADLEY	:	
AND DENNIS ZEIGLER	:	No. 2 MDM 1994
		(C.P. York County
		No. 93-SU-01136-07)

ORDER

The Court hereby denies the petition for review.

PER CURIAM

DATE: March 14, 1994

IN THE COURT OF COMMON PLEAS OF YORK

COUNTY, PENNSYLVANIA

NORTH AMERICAN : No. 93-SU-01136-07

COMMUNICATIONS, INC.:

vs. :

U.S.A. DIRECT, INC., :

RICHARD OSBORNE, :

WILLIAM P. BRADLEY :

AND DENNIS ZEIGLER : In Equity

APPEARANCES:

LILLIAN M. MORGAN, Esquire

for the plaintiffs

CRAIG T. TREBILCOCK, Esquire

for the defendants

ORDER

AND NOW, TO WIT, this 3rd day of September, 1993, the Court orders that:

1. Plaintiffs' Motion to Compel the defendants to produce (a) accounts receivable ledgers; (b) tax returns; and (c) customer lists is granted.

2. All other Motions are denied.

BY THE COURT,

_____

JOHN C. UHLER

Judge

IN THE COURT OF COMMON PLEAS OF YORK

COUNTY, PENNSYLVANIA

NORTH AMERICAN : No. 93-SU-01136-07

COMMUNICATIONS, INC.:

vs. :

U.S.A. DIRECT, INC., :

RICHARD OSBORNE, :

WILLIAM P. BRADLEY :

AND DENNIS ZEIGLER : In Equity

APPEARANCES:

LILLIAN M. MORGAN, Esquire

for the plaintiffs

CRAIG T. TREBILCOCK, Esquire

for the defendants

OPINION

Before the Court is plaintiff's North American

Communications, Inc. (NAC) Motion to Compel defendants, U.S.A. Direct, Inc. (U.S.A.) to produce: 1) the accounts receivable ledgers; 2) tax returns; and 3) customer lists. Defendants oppose plaintiffs' Motion, claiming the information requested is trade secret information, and instead, seek a positive order of the requested documents.

Rule 4009, regarding production of documents, provides in pertinent part:

> (a) Any party may serve on any other party a request
>
> (1) to produce and permit the party making the request, or someone acting on his behalf, to inspect and copy and designated documents (including writings, drawings, graphs, charts, photographs, phonorecords, and other compilations of data from which information

can be obtained, translated, if necessary, by the respondent through detection devices into reasonably usable form), or to inspect and copy, test or sample any tangible things which constitute or contain matters within the scope of rules 4003.1 through 4003.5 inclusive and which are in the possession, custody or control of the party upon whom the request is served;

Pennsylvania R.C.P., Rule 4009. However, Rule 4012, regarding protective orders, provides in pertinent part:

(a) Upon motion by a party or by the person from whom discovery or deposition is sought, and for good cause shown, the court may make any order which justice requires to protect a party or person from unreasonable annoyance, embarrassment, oppression,

burden or expense, including one or more of the following:

(9) that a trade secret or other confidential research, development or commercial information shall not be disclosed or be disclosed only in a designated way.

Pennsylvania R.C.P., Rule 4012.

Plaintiffs contend that the information requested is relevant and necessary because NAC must prove its claims and it is unable to do so without the requested discovery information. The defendants contend that the information requested is not at all connected with the issue of whether defendants misappropriated the plaintiffs' technology, and additionally, they contend that the information is trade secret information; thus, the Court should deny the plaintiffs' Motion.

The United States Delaware District Court stated:

> In order to resist discovery of a trade secret, a party must first demonstrate by competent evidence that the information sought through discovery is a trade secret and that disclosure of the secret might be harmful. If this showing is made, the burden shifts to the party seeking discovery to establish that the disclosure of trade secrets is relevant and necessary to the action.

Coca-Cola Bottling Co. v. Coca Cola Co., 107 F.R.D. 288, 292 (D. Delaware 1985). The Pennsylvania Supreme Court stated:

> [A] trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an

opportunity to obtain an advantage over competitors who do not know or use it.

Van Prod. Co. v. General Welding and Fabricating Co., 213 A.2d 769, 775 (Pa. 1965). "Once relevancy and need have been established [by the party seeking discovery], the Court must balance the need for the information against the injury that would ensure if disclosure is ordered." Coca-Cola, supra. at 293. "Whether disclosures is to be allowed and, if protection is to be afforded, the form of such protection, are matters to be determined according to the discretion of the court." Oral Surgery, Inc. v. Dinello, 611 A.2d 232, 236 (Pa. Super. 1992). See also, Coca-Cola, supra.

Plaintiff alleges that the information is relevant because it will show additional customers and increases in business after defendant, Ziegler, joined

U.S.A. Additionally, NAC alleges that these increases are attributable to the misappropriation of its trade secrets. Finally, the plaintiff alleges that the information is necessary because in fairness, plaintiff cannot be required to prove its case without full disclosure of relevant information. Defendant alleges that plaintiff has not yet produced any information indicating that a trade secret was misappropriated and that plaintiff has not shown that such information is relevant and necessary to this action.

Generally, discovery is liberally permitted in this Commonwealth. Rule 4003.1 provides in pertinent part:

> (a) Subject to the provisions of Rules 4003.2 to 4003.5 inclusive and Rule 4011, a party may obtain discovery regarding any matter, not privileged,

which is relevant to the subject matter involved in the pending action, whether it relates to the claim or defense of the party seeking discovery or to the claim or defense of any other party, including the existence, description, nature, content, custody, condition and location of any books, documents, or other tangible things, and the identity and location of persons having knowledge of any discoverable matter.

(b) It is not ground for objection that the information sought will be inadmissable at the trial if the information sought appears reasonably calculated to lead to the discovery of admissible evidence.

Pa. R.C.P., Rule 4003.1. In light of Rule 4003.1, and

due to the fact that this Court finds that plaintiff has shown that the information is relevant and necessary and may lead to additional evidence, this Court will allow plaintiff to have access to defendant's ledgers, tax returns, and customer lists.

Also, it is important to note, in Dinello, the Pennsylvania Superior Court found that the doctor's patient lists were not trade secrets. 611 A.2d at 236.

In the event the Court found the information relevant, the defendants requested that this Court bifurcate the litigation and the information not be made available to the plaintiff until liability is established. The defendants additionally requested that the plaintiff be ordered to produce the same information to the defendants.

As stated previously, since this Court finds the requested information in necessary and relevant,

there is no need to wait until liability is established to allow the plaintiff access.

An appropriate Order shall be entered.

BY THE COURT,

_____

JOHN C. UHLER

Judge

Dated: September 3, 1993

IN THE COURT OF COMMON PLEAS OF YORK

COUNTY, PENNSYLVANIA

NORTH AMERICAN : No. 93-SU-01136-07

COMMUNICATIONS, INC.:

vs. :

U.S.A. DIRECT, INC., :

RICHARD OSBORNE, :

WILLIAM P. BRADLEY :

AND DENNIS ZEIGLER : In Equity

APPEARANCES:

LILLIAN M. MORGAN, Esquire

for the plaintiffs

CRAIG T. TREBILCOCK, Esquire

for the defendants

ORDER

Before the Court is defendant's, U.S.A. Direct,

Motion for Reconsideration and Request for Evidentiary Hearing. The defendant seeks reconsideration of this Court's Order of September 3, 1993, which granted plaintiff's, NAC, Motion to Compel the defendants to produce: (a) accounts receivable ledger; (b) tax returns; and (c) customer lists. Defendant, while failing to present this motion in Current Business session, filed this Motion in the Prothonotary's office. Both parties filed briefs. As per defense counsel's letter dated October 20, 1993, defendant consents to this issue being decided on the briefs submitted.

The briefs submitted by both counsel have been carefully reviewed. This Court outlined in its Opinion the reasoning for granting the plaintiff's original Motion to Compel Production of Documents. This Court has reviewed the briefs submitted by both

counsel, as well as the original Order and hereby denies defendant's Motion for Reconsideration.

Accordingly, the Court directs that defendant produce for the plaintiff, subject to the existing confidentiality agreement and Order, its:

1. Account receivable ledgers
2. Tax returns
3. Customer lists.

BY THE COURT,

_____

JOHN C. UHLER

Judge

Dated: December 9, 1993

NORTH AMERICAN COMMUNICATIONS, INC.	)	IN THE COURT OF COMMON PLEAS OF
Plaintiff,	)	YORK COUNTY,
	)	PENNSYLVANIA
vs.	)	CIVIL ACTION - LAW
U.S.A. DIRECT, INC.,	)	
RICHARD OSBORNE,	)	NO. 93-SU-01136-07
WILLIAM P. BRADLEY	)	
AND DENNIS ZIEGLER	)	IN EQUITY
Defendants.	)	

STIPULATION AND ORDER

OF CONFIDENTIALITY

WHEREAS, the parties in the above-captioned action desire to reserve the confidentiality of documents and information that they propose to produce pursuant to discovery in this proceeding;

IT IS HEREBY STIPULATED AND AGREED, by and among the parties and their respective counsel for the purpose of this proceeding, as follows:

1. All confidential documents and any information they contain, any other confidential information made available during the course of discovery, and any testimony in this action relating to such documents or information shall be designated and deemed confidential under applicable law ("Confidential Matter").

2. (a) "Confidential Matter" as used herein shall be designated by the producing party as follows:

(i) documents and things shall be marked on their face or otherwise labelled with the legend "CONFIDENTIAL";

(ii) if contained in a response to an Interrogatory, the information shall be designated

"CONFIDENTIAL" by a legend as described above, or the receiving party otherwise shall be advised in writing previous to or simultaneous with the service of the interrogatory answer of such confidential status.

(iii) if contained in deposition, trial or other testimony, the transcript, or portions thereof, may be designated as containing Confidential Matter by so notifying the other parties on the record, or in writing, within thirty (30) days of receipt of the transcript; except, however, this designation is without prejudice to any party's right to contest such designation of confidentiality with the Court. Pending such designation, all depositions shall be treated as containing Confidential Matter and shall not be disclosed or discussed with any persons other than those in attendance during the taking of the testimony regarding Confidential Matter pursuant to paragraph

11 herein.

(b) In the event that any party disagrees with the designation by any other party of any information as Confidential Matter, then the parties will try first to resolve such dispute on an informal basis at least five (5) business days before presenting the dispute to the Court.

3. In the absence of written permission from the producing party or further order by the Court, any Confidential Matter produced in accordance with this Stipulation and Order of Confidentiality shall not be disclosed to any person other than: (i) outside counsel for parties to this litigation, including necessary paralegal, secretarial and clerical personnel employed by counsel's law firm assisting such counsel; (ii) subject to the provisions of paragraph 5 below, experts and consultants, and their staff, whose

assistance is enlisted in connection with this litigation; (iii) subject to the provisions of paragraph 5 below, employees, officers and directors of the non-producing party whose cooperation or assistance is necessary to the prosecution or defense of this action; (iv) subject to the provisions of paragraph 5 below, deponents, noticed by the parties, whose testimony is necessary to the prosecution or defense of this action, except that this provision will not apply to the actual conduct of a deposition (the transcript of which may be deemed "Confidential Matter" pursuant to paragraph 2(a)(iii) above); (v) subject to the provisions of paragraph 5 below, all individuals with knowledge of the events and transactions that constitute the subject matter of this litigation; (vi) qualified persons recording testimony involving such documents or information (e.g., court reporters) and

necessary stenographic and clerical assistants thereof; and (vii) the Court, including necessary secretarial and clerical personnel assisting the Court.

4. Prior to revealing any Confidential Matter to an expert witness, as specified in paragraph 3 (ii) or paragraph 7 herein, a party seeking to consult with the expert shall provide five (5) business days written notice to the producing party of its intent to reveal the Confidential Matter to the expert, including the following: (1) identification of the Confidential Matter that will be revealed; (2) if not previously disclosed, the identity and address of the expert to whom the Confidential Matter will be revealed, along with a recent curriculum vitae, describing all prior employment and experience of such expert, and a statement whether the expert has been employed by or conducted business with any party to this case.

Upon receipt of such notice, counsel for the producing party shall have five (5) business days in which to seek relief from the court to prevent the disclosure to the expert, upon good cause shown. If no objection is made, the party seeking to consult with the expert witness may reveal the Confidential Matter to that expert for the purposes of this litigation. Failure by the producing party to object to the disclosure of the information to the receiving party's expert witness will not constitute a waiver of confidentiality or any other provision of this Agreement limited the access of other individuals or entities to the Confidential Matter.

5. Confidential Matter produced in accordance with this Stipulation and Order shall not be made available to any person designated in paragraph 3 (ii), (iii), (iv), and (v) until he or she has executed an Undertaking in the form of Appendix 1 to this Order (i)

to be bound by the terms of this Order and the terms of the Undertaking; (ii) not to reveal such Confidential Matter to anyone other than persons authorized in paragraph 3; and (iii) to use such Confidential Matter solely for purposes of this litigation.

6. All Confidential Matter produced in accordance with the provisions of paragraph 2 shall be used solely for purposes of this litigation. Use for purposes of this litigation shall include use in testimony and as exhibits at trial, hearings or depositions, or in connection with motions or witness preparation, subject to the restrictions of this Stipulation and Order.

7. Each party may submit to the Court for in camera inspection any Confidential Matter, prior to production to the opposing party or parties, deemed highly sensitive and the disclosure of which would

cause extreme and irreparable competitive harm to the producing party. Any Confidential Matter submitted for such in camera inspection shall be identified to opposing counsel by author or creator, date, and general description of this subject matter. Counsel shall be permitted to discuss this identification of such Confidential Matter with one expert witness in order to determine the validity of the assertion of the privilege and whether such Confidential Matter is relevant and necessary to the prosecution or defense of the claims herein. In submitting information for in camera inspection, the parties may submit affidavits containing Confidential Matter, and such affidavits, upon notice to the other party, shall be filed under seal with the Court and disclosure shall be limited to counsel and one expert witness, subject to paragraph 4 herein. The Court

shall determine whether or to what extent (e.g., limiting the persons indicated in paragraph 4 above to whom disclosure shall be made) the Confidential Matter should be produced.

8. All documents and information subject to confidential treatment in accordance with the terms of this Stipulation and Order that are filed with the Court, and any pleadings, motions or other papers filed with the Court disclosing any such confidential documents or information, shall be filed under seal until further order of the Court. Where possible, only confidential portions of filings with the Court shall be filed under seal. Nothing in this paragraph is to be interpreted to prevent the use of Confidential Matter at trial, subject to such rulings as may be made by the Court.

9. The Court shall have the power to interpret and enforce this Agreement and the parties any

persons obtaining access to Confidential Matter pursuant to this Stipulation and Order shall remain subject to the jurisdiction of the Court for purposes thereof, including the imposition of sanctions and Order. In the case of any ambiguity in this Stipulation and Order, it shall be construed so as to assist counsel in discharging their duties to protect the interests of confidentiality of the parties and not construed so as to waive any evidentiary privileges of their respective clients.

10. This Stipulation and Order of Confidentiality shall continue to be binding throughout the pretrial stages of this litigation and until such a time, if appropriate, as a new Stipulation and Order is entered governing confidentiality at trial. Unless otherwise specified by future order, this Stipulation and Order will continue in effect during any appeal

following this litigation.

11. Any persons present at any deposition in this matter in which Confidential Matters are the subject of questioning shall be limited to those persons identified in paragraph 3 above; except the parties may further agree or move the Court to limit those persons who may be present. Other persons, not identified in paragraph 3 above, may be present only upon stipulation of the parties or upon order of the Court upon good cause shown.

12. Within sixty (60) days of the conclusion of the above captioned action (including any appeal), at the request and expense of the party which has furnished the same, all written Confidential Matter and copies thereof shall be returned to such party, subject to any subsequent order or judgment of this Court that may modify or supersede this Stipulation and Order.

13. This Stipulation and Order of Confidentiality shall not apply to any information contained in the Confidential Matter which is now, or later may be, publicly available or a matter of public record except where the information is made public through violation of this Stipulation and Order of Confidentiality.

14. Nothing in this Stipulation and Order shall be construed or interpreted as a waiver of each party's right to object to the production of documents or information in accordance with the privileges and objections recognized under the laws of the Commonwealth of Pennsylvania.

Ernest M. Stern	William H. Neff, Jr.
Paul J. Kennedy	Craig T. Trebilcock
Roger M. Brown	STOCK AND LEADER

GRAHAM & JAMES
Suite 700
2000 M Street, NW
Washington, D.C. 20036
(202) 463-0800

35 South Duke Street
York, PA 17401
(717) 846-9800
Attorneys for Defendants

Lillian M. Morgan
COUNTESS GILBERT & ANDREWS
29 North Duke Street
York, PA 17401-1282
(717) 848-4900
Attorneys for Plaintiff

SO ORDERED:

Judge Presiding

Dated: June 10, 1993